Reports of Cases

JUDGMENT OF THE GENERAL COURT (Second Chamber)

30 May 2013 *

(Community trade mark — Invalidity proceedings — Community word mark ultrafilter international — Absolute ground for refusal — Article 52(1)(a) of Regulation (EC) No 207/2009 — Abuse of rights)

In Case T-396/11,

ultra air GmbH, established in Hilden (Germany), represented by C. König, lawyer,

applicant,

v

Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM), represented by G. Schneider, acting as Agent,

defendant,

the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being

Donaldson Filtration Deutschland GmbH, established in Haan (Germany), represented by N. Siebertz and M. Teworte-Vey, lawyers,

ACTION seeking the annulment of the decision of the Fourth Board of Appeal of OHIM of 18 May 2011 (Case R 374/2010-4), relating to invalidity proceedings between ultra air GmbH and Donaldson Filtration Deutschland GmbH,

THE GENERAL COURT (Second Chamber),

composed of N. J. Forwood (Rapporteur), President, F. Dehousse and J. Schwarcz, Judges,

Registrar: C. Heeren, Administrator,

having regard to the application lodged at the Registry of the General Court on 22 July 2011,

having regard to the response of OHIM lodged at the Court Registry on 28 November 2011,

having regard to the response of the intervener lodged at the Court Registry on 12 December 2011,

further to the hearing on 29 January 2013,

gives the following

* Language of the case: German.

Judgment

1 On 29 March 1999, the intervener – ultrafilter GmbH, now Donaldson Filtration Deutschland GmbH – filed an application for registration of a Community trade mark at the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) under Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1), as amended (replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1)).

2 The mark in respect of which registration was sought is the word sign ultrafilter international.

3 The goods and services in respect of which registration was sought fall within Classes 7, 11, 37, 41 and 42 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, and correspond, for each of those classes, to the following description:

— Class 7: 'Filters for drying, cleaning and cooling air, gases and liquids; filter bodies; filtering materials; mechanical and electrical steam traps; oil separators; water separators';

— Class 11: 'Apparatus and installations for drying, cleaning and cooling air, gases and liquids; parts and accessories for these apparatus and installations, in particular pump diaphragms, level gauges, valves, in particular solenoid valves, membrane valves, controls for valves, time control devices, pressure gauges, in particular differential pressure gauges, pressure meters, in particular temperature-pressure meters, level-pressure meters, connecting elements for filtering installations, including structural connection and fastening parts; apparatus for ventilating';

— Class 37: 'Commissioning, repair and maintenance of the aforesaid apparatus and installations';

— Class 41: 'Providing of technical training; sales and product training';

— Class 42: 'Engineering services; consultancy on the planning, construction and operation of the aforesaid installations and apparatus'.

4 By decision of 19 January 2001, the examiner rejected the application for a Community trade mark pursuant to Article 7(1)(b) and (c) of Regulation No 40/94 (now Article 7(1)(b) and (c) of Regulation No 207/2009) on the grounds that the contested mark was descriptive and that it was devoid of any distinctive character. Following an appeal brought by the intervener, the Second Board of Appeal of OHIM annulled that decision, by decision of 16 December 2003 (Case R 375/2001-2), and affirmed that the contested mark had become distinctive within the meaning of Article 7(3) of Regulation No 40/94 (now Article 7(3) of Regulation No 207/2009) in the German and English-speaking Member States.

5 The contested mark was registered as a Community trade mark on 27 September 2005 under No 1121839.

6 On 5 May 2008, the applicant, ultra air GmbH, brought an application before OHIM under Article 51(1)(a) of Regulation No 40/94 (now Article 52(1)(a) of Regulation No 207/2009) seeking that the contested mark be declared invalid on the grounds that it had been registered contrary to Article 7(1)(b) and (c) and Article 7(3) of Regulation No 40/94.

7 By decision of 29 January 2010, the Cancellation Division of OHIM upheld the application for a declaration of invalidity and declared the contested mark invalid for all of the goods and services pursuant to Article 52(1)(a) of Regulation No 207/2009, in conjunction with Article 7(1)(b) and (c) of that regulation.

8 On 16 March 2010, the intervener filed a notice of appeal with OHIM under Articles 58 to 64 of Regulation No 207/2009 against the decision of the Cancellation Division.

9 By decision of 18 May 2011 ('the contested decision'), the Fourth Board of Appeal of OHIM granted the appeal, annulled the decision of the Cancellation Division and rejected the application for a declaration of invalidity brought by the applicant. According to the Board of Appeal, the application for a declaration of invalidity was vitiated by an abuse of rights and had to be rejected as inadmissible. In that regard, the Board of Appeal considered, in essence, that, by its application for a declaration of invalidity, the applicant was in reality seeking to use the designation 'ultrafilter' itself as a trade mark (whether alone or in combination with other terms). It thus pursued objectives other than the public interest objectives laid down in Article 7(1)(b) and (c) and Article 7(3) of Regulation No 207/2009. Its hidden intentions, which amount to an abuse of rights, are further evidenced by the fact that, in 2003, the former manager of the proprietor of the contested mark and current manager of the company seeking a declaration of invalidity personally defended the distinctive character which that mark had acquired through use. Since an abuse of rights constitutes a 'general obstacle to the procedure', abusive applications and actions which amount to procedures designed to attain objectives other than those which are legitimate under trade mark law are not admissible, and there is no need to refer to the procedural law of the Member States, in accordance with Article 83 of Regulation No 207/2009.

Forms of order sought by the parties

10 The applicant claims that the General Court should:

— annul the contested decision;

— dismiss the action brought by the intervener before the Board of Appeal;

— order OHIM and the intervener to pay the costs.

11 OHIM and the intervener contend that the Court should:

— dismiss the action;

— order the applicant to pay the costs.

Law

12 In support of its action, the applicant relies, in essence, on two pleas in law, alleging, respectively, an infringement of Article 56(1)(a) of Regulation No 207/2009 and an infringement of Article 52(1)(a) of the same regulation.

13 In the context of the first plea, the applicant submits that, as has been confirmed in the case-law, Article 56(1)(a) of Regulation No 207/2009 grants all natural and legal persons the right to lodge an application for a declaration of invalidity on the basis of Article 52 of the regulation, without making that right subject to a balancing of the possible personal interests of the applicant for a such a declaration with the general interests safeguarded by that provision. In that regard, Article 56(1)(a) of Regulation No 207/2009, which, the applicant claims, regulates the issue exhaustively, does not leave any scope to take account of possible bad faith on the part of the applicant for a declaration of invalidity, with the result that an abuse of rights cannot constitute an obstacle to the examination of an application for such a declaration.

14 Moreover, the applicant claims that it has not abused its rights in any way, since, first, the decisions of the national courts produced by the intervener before the Board of Appeal concern cases of unfair competition which bear no relationship to the use of the contested mark. Second, given that the precise objective safeguarded by Article 7(1) of Regulation No 207/2009 is to prevent the monopolisation of signs which are vitiated by an absolute ground for refusal, the right to use such a sign freely is fully in line with that provision and can thus not constitute an abuse of rights. Third, the fact that the applicant for a declaration of invalidity had previously made an unsuccessful application to register a sign as a trade mark cannot prevent it from seeking the annulment of a similar mark which is vitiated by an absolute ground for refusal. Fourth and finally, the fact that the manager of the applicant company was the manager of the intervener when the latter registered the contested mark also bears no relevance.

15 OHIM and the intervener contend that the contested decision is well founded.

16 In that regard, the Court points out that the application for a declaration of invalidity under Article 56(1)(a) of Regulation No 207/2009 is an administrative procedure and not a court action (Case C-408/08 P *Lancôme* v *OHIM* [2010] ECR I-1347, paragraph 36).

17 Article 56(1)(a) of Regulation No 207/2009 provides that an application for a declaration of invalidity based on an absolute ground for invalidity may be submitted by any natural or legal person and any group or body set up for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers, which has the capacity in its own name to sue and be sued, whereas Article 56(1)(b) and (c) of the regulation, concerning applications for a declaration of invalidity based on a relative ground for invalidity, reserves the right to make such an application to certain specific persons who have an interest in bringing proceedings. Consequently, it is apparent from the scheme of that article that the legislature intended to restrict the group of persons able to apply for a declaration of invalidity in the latter case, but not in the former (see, to that effect, *Lancôme* v *OHIM*, paragraph 16 above, paragraph 39).

18 Whereas relative grounds for refusal of registration protect the interests of proprietors of certain earlier rights, the absolute grounds for refusal of registration aim to protect the public interest underlying them, which explains why Article 56(1)(a) of Regulation No 207/2009 does not require the applicant to show an interest in bringing proceedings (*Lancôme* v *OHIM*, paragraph 16 above, paragraph 40).

19 The absolute ground for refusal laid down in Article 7(1)(b) of Regulation No 207/2009 is intended to preclude registration of trade marks which are devoid of distinctive character which alone renders them capable of fulfilling the essential function of a trade mark, which is to guarantee the identity of the origin of the marked product or service to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin. Consequently, the public interest underlying Article 7(1)(b) of that regulation is, manifestly, indissociable from the essential function of a trade mark (see, to that effect, Case C-173/04 P *Deutsche SiSi-Werke* v *OHIM* [2006] ECR I-551, paragraphs 60 and 61). Moreover, the public interest underlying Article 7(1)(c) of Regulation No 207/2009 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (Case C-51/10 P *Agencja Wydawnicza Technopol* v *OHIM* [2011] ECR I-1541, paragraph 37).

20 It results from this that the purpose of the administrative procedure laid down in Article 56(1)(a) of Regulation No 207/2009, in conjunction with Article 52(1)(a) of that regulation, is, inter alia, to enable OHIM to review the validity of the registration of a mark and to adopt, where necessary, a position which it should have adopted of its own motion under Article 37(1) of Regulation No 207/2009.

21 In that regard, OHIM is required to assess whether the mark under examination is descriptive and/or devoid of distinctive character, without the motives and earlier conduct of the applicant for a declaration of invalidity being able to affect the scope of the task entrusted to OHIM in relation to the public interest underlying Article 7(1)(b) and (c) and Article 56(1)(a) of Regulation No 207/2009. Given that, in applying the provisions at issue in the context of invalidity proceedings, OHIM does not rule on the question whether the rights of the proprietor of the mark take precedence over any rights which the applicant for a declaration of invalidity might have, but ascertains whether the rights of the proprietor of the mark were validly obtained in the light of the rules governing the registrability of marks, there can be no question of an 'abuse of rights' on the part of the applicant for a declaration of invalidity.

22 Thus, contrary to what OHIM submits, the fact that the applicant for a declaration of invalidity may file an application with a view to subsequently affixing the sign in question to its own products is perfectly in line with the public interest safeguarded by Article 7(1)(c) of Regulation No 207/2009 of keeping signs freely available. Consequently, contrary to what the Board of Appeal found, such conduct cannot amount to an abuse of rights in any circumstances. That assessment is confirmed by Article 52(1) of Regulation No 207/2009, pursuant to which a Community trade mark may also be declared invalid on the basis of a counterclaim in infringement proceedings, which presupposes that the defendant in that action may obtain a declaration of invalidity even if he has used the mark in question and intends to continue to do so.

23 By contrast, the rejection of the application for a declaration of invalidity on the ground of an 'abuse of rights' thwarts the objectives pursued by Article 7(1)(b) and (c) of Regulation No 209/2007, since such a rejection prevents the examination of the substance, as described in paragraph 21 above, from being carried out.

24 Similarly, the fact that the manager of the applicant for a declaration of invalidity was the manager of the proprietor of the mark at the time when the application for registration of the mark was lodged in no way affects the rights of that applicant to bring an action before OHIM under Article 56(1)(a) of Regulation No 207/2009. Given the nature and purpose of the procedure in question, namely the safeguarding of the public interest underlying Article 7(1)(b) and (c) of Regulation No 207/2009, it must be found that the proprietor of a mark which is descriptive or which is devoid of distinctive character does not obtain any rights to retain the registration of his mark on the sole basis that the applicant for a declaration of invalidity is managed by a natural person who, in the past, sought to register the sign in question.

25 The same conclusion must be reached in relation to the intervener's arguments alleging that the applicant has engaged in unfair competition against it. In that regard, the Court points out that Article 56(1)(a) of Regulation No 207/2009 does not make the admissibility or validity of an application for a declaration of invalidity subject to good faith on the part of the applicant for such a declaration (see, by analogy, the judgment of 3 December 2009 in Case T-245/08 *Iranian Tobacco* v *OHIM – AD Bulgartabac (TIR 20 FILTER CIGARETTES)*, not published in the ECR, paragraph 26.) Indeed, even supposing that an application for a declaration of invalidity does form part of an overall confrontational commercial strategy, involving acts of unfair competition, the removal from the register of a mark which is either descriptive or devoid of distinctive character is a consequence of trade mark law, laid down in Article 57(5) and (6) of Regulation No 207/2009, and the trade mark's proprietor does not gain the right to retain its registration on the basis that the applicant for a declaration of invalidity has also engaged in unfair competition.

26 Finally, the reference made by OHIM to Article 9 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1) is irrelevant. That provision, like Article 54 of Regulation No 207/2009, whose content is similar, concerns cases where the proprietor of a mark has acquiesced, for a period of five years, in the use of a subsequent mark, which bars him of his entitlement to apply for a declaration of

invalidity of the subsequent mark on the basis of the earlier mark. However, that provision regulates situations concerning two lawfully registered marks and provides that, under certain conditions, a mark cannot be removed from the register as a result of the existence of another identical or similar mark. The legislature thus merely regulates situations concerning two interests of a private nature which are opposed in the context of Article 4(1) of Directive 89/104, which is similar to the opposition procedure laid down in Article 8 of Regulation No 207/2009. By contrast, this rule in no way concerns the possibility of having a mark removed from the register, not because of a likelihood of confusion with an earlier mark, but because of its descriptive character or lack of distinctive character, that is, the absolute grounds for refusal established in the public interest, which vitiate registration from the outset and which, in accordance with Article 52(2) of Regulation No 207/2009, are rendered inapplicable only if the mark in question has acquired a distinctive character after its registration.

27 It follows from the foregoing that the Board of Appeal erred in law by annulling the decision of the Cancellation Division and by rejecting the application for a declaration of invalidity as inadmissible on the basis of an alleged 'abuse of rights'.

28 It is therefore necessary to uphold the first plea and to annul the contested decision.

29 As regards the applicant's second head of claim, regarding the alteration of the contested decision, it should be noted that, although Article 65(3) of Regulation No 207/2009 enables the General Court to alter the decisions of the Boards of Appeal, that possibility is, in principle, limited to situations in which the case has reached a stage appropriate for judicial adjudication (Case T-85/07 *Gabel Industria Tessile* v *OHIM - Creaciones Garel (GABEL)* [2008] ECR II-823, paragraph 28). In the present case, as submitted by OHIM with a view to having the second plea declared inadmissible, the Board of Appeal did not rule on the substance of the application for a declaration of invalidity, which is the issue brought before it by the intervener. It must thus be found that the state of the proceedings does not permit judgment to be given in the matter and that that head of claim must be rejected.

Costs

30 Under Article 87(2) of the Rules of Procedure of the General Court, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. As OHIM has been essentially unsuccessful it must be ordered to pay the applicant's costs, in accordance with the form of order sought by the applicant. As the intervener has been essentially unsuccessful it shall bear its own costs, in accordance with the third paragraph of Article 87(4) of the Rules of Procedure.

On those grounds,

THE GENERAL COURT (Second Chamber)

hereby:

1. **Annuls the decision of the Fourth Board of Appeal of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) of 18 May 2011 (Case R 374/2010-4);**

2. **Orders OHIM to bear its own costs and those incurred by ultra air GmbH;**

3. **Orders Donaldson Filtration Deutschland GmbH to bear its own costs.**

Forwood Dehousse Schwarcz

Delivered in open court in Luxembourg on 30 May 2013.

[Signatures]